

**(English Translation of Financial Report Originally Issued  
in Chinese)**

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the three months ended March 31, 2021 and 2020  
(With Independent Auditors' Review Report Thereon)**

**Address: No. 5, Central 1st Rd., Qianzhen Dist., Kaohsiung, Taiwan, R.O.C.  
Telephone: 886-7-812-4832**

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## **Independent Auditors' Review Report**

The Board of Director's  
Emerging Display Technologies Corp

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$250,359 thousand and \$248,892 thousand, constituting 7.16% and 7.51% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to \$84,730 thousand and \$58,643 thousand, constituting 5.25% and 4.40% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive gain (loss) amounting to loss \$3,268 thousand and gain \$2,759 thousand, constituting 3.58% and 9.36% of consolidated total comprehensive loss for the three months ended March 31, 2021 and 2020, respectively.

**Qualified Conclusion**

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Emerging Display Technologies Corp. and subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are Po Jen, Yang and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)

May 4, 2021

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31, 2021, and March 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

**(Reviewed, not audited)**

Assets		March 31, 2021		December 31,2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31,2020		March 31, 2020			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets :																	
1100	Cash and cash equivalents (Note 6(a))	\$	818,323	23	1,242,331	34	966,115	29	2100	Short-term loans (Note 6(m))	\$	107,963	3	700,000	19	233,000	7
1110	Financial assets at fair value through profit or loss, current (Note 6(b))		87,518	3	58,817	2	104,330	3	2120	Financial liability at fair value through profit and loss (Note 6(b))		72	-	195	-	-	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))		359,583	10	159,760	5	186,922	6	2150	Notes payable		1,401	-	1,234	-	1,772	-
1170	Accounts receivable, net (Note 6(d) and (v))		695,426	20	589,550	16	540,521	17	2170	Accounts payable		409,920	12	400,068	11	394,093	12
1200	Other receivables (Notes 6(e))		7,986	-	6,090	-	10,804	-	2200	Other payables (Note 6(n))		413,890	12	274,518	8	203,243	6
1220	Income tax assets		11	-	18	-	45	-	2230	Income tax liabilities		62,948	2	51,559	2	63,339	2
130X	Inventories (Note 6(f))		845,059	24	870,501	24	790,506	24	2280	Lease liabilities, current (Notes 6(p))		12,338	-	7,325	-	10,687	-
1470	Other current assets (Notes 6(g) and 8)		60,547	2	83,002	2	38,660	1	2322	Long-term loans, current portion (Notes 6(o) and 8)		-	-	-	-	239,722	7
Total current assets			2,874,453	82	3,010,069	83	2,637,903	80	2300	Other current liabilities (Notes 6(v))		42,446	1	43,204	1	33,953	1
Non-current assets:																	
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))		105,139	3	98,691	3	146,480	4	Total current liabilities			1,050,978	30	1,478,103	41	1,179,809	35
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)		328,815	9	331,314	9	352,515	11	Non-current liabilities :								
1755	Right-of-use assets (Notes 6(j))		86,031	3	67,228	2	72,887	2	2540	Long-term loans (Notes 6(o) and 8)		398,390	11	-	-	-	-
1760	Investment property (Notes 6(k))		55,099	2	55,158	2	59,063	2	2570	Deferred income tax liabilities		278	-	354	-	225	-
1780	Intangible assets (Note 6(l))		3,883	-	4,111	-	4,834	-	2580	Lease liabilities, non-current (Notes 6(p))		75,789	2	61,833	2	63,691	2
1840	Deferred income tax assets		31,904	1	31,928	1	32,988	1	2640	Net defined benefit liabilities, non-current		86,276	3	87,048	2	87,896	3
1915	Prepayments for business facilities		-	-	-	-	268	-	2645	Guarantee deposits received		560	-	558	-	591	-
1980	Other non-current financial assets (Notes 6(g) and 8)		10,600	-	10,690	-	7,622	-	2670	Other non-current liabilities — other		675	-	728	-	884	-
Total non-current assets			621,471	18	599,120	17	676,657	20	Total non-current liabilities			561,968	16	150,521	4	153,287	5

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2021 and 2020**  
(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)  
(Reviewed, not audited)

	For the three months ended March 31			
	2021		2020	
	Amount	%	Amount	%
Operating revenue (Note 6(v))	\$ 944,762	100	814,964	100
Operating cost (Notes 6(f, r and w) and 12)	774,124	82	674,227	83
Gross profit	170,638	18	140,737	17
Operating expenses (Notes 6(r and w) 7and 12) :				
Selling expenses	50,797	5	48,379	6
General and administrative expenses	30,342	3	31,628	4
Research and development expenses	25,374	3	24,687	3
Expected credit impairment loss (Note 6(d))	205	-	541	-
Total operating expenses	106,718	11	105,235	13
Net other income and expenses(Note 6(x))	968	-	1,058	-
Net operating income	64,888	7	36,560	4
Non-operating income and expenses(Notes 6(y)) :				
Interest income	741	-	4,225	-
Other income	2,246	-	4,738	1
Other gains and losses	(5,058)	(1)	8,502	1
Finance costs	(2,089)	-	(3,203)	-
Total Non-operating income and expenses	(4,160)	(1)	14,262	2
Profit (loss) before income tax	60,728	6	50,822	6
Less: Income tax expense (Note 6(s))	9,884	1	6,969	1
Profit (Loss)	50,844	5	43,853	5
Other comprehensive income :				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	42,966	5	(13,539)	(2)
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	(75)	-	225	-
	43,041	5	(13,764)	(2)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(2,583)	-	(606)	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	-	-
	(2,583)	-	(606)	-
Other comprehensive income, net	40,458	5	(14,370)	(2)
Comprehensive income	<u>\$ 91,302</u>	<u>10</u>	<u>29,483</u>	<u>3</u>
Profit (loss) attributable to				
Shareholders of the parent	\$ 51,141	5	43,878	5
Non-controlling interests	(297)	-	(25)	-
Net Profit (loss)	<u>\$ 50,844</u>	<u>5</u>	<u>43,853</u>	<u>5</u>
Comprehensive income attributable to :				
Shareholders of the parent	\$ 89,519	10	26,589	3
Non-controlling interests	1,783	-	2,894	-
Total comprehensive income	<u>\$ 91,302</u>	<u>10</u>	<u>29,483</u>	<u>3</u>
Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :				
Basic earnings per share	<u>\$ 0.34</u>		<u>0.30</u>	
Diluted earnings per share	<u>\$ 0.34</u>		<u>0.29</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
For the three months ended March 31, 2021 and 2020  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Equity attributable to shareholders of parent										Non-controlling interests	Total Equity
	Retained earnings					Other equity interest		Treasury stock	Total equity attributable to shareholders of parent			
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income					
	Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings							
Balance at January 1, 2020	\$ 1,624,076	4,397	57,015	151,307	330,944	(14,111)	(88,501)	(173,021)	1,892,106	59,875	1,951,981	
Profit	-	-	-	-	43,878	-	-	-	43,878	(25)	43,853	
Other comprehensive income	-	-	-	-	-	(562)	(16,727)	-	(17,289)	2,919	(14,370)	
Total comprehensive income	-	-	-	-	43,878	(562)	(16,727)	-	26,589	2,894	29,483	
Balance as of March 31, 2020	\$ 1,624,076	4,397	57,015	151,307	374,822	(14,673)	(105,228)	(173,021)	1,918,695	62,769	1,981,464	
Balance at January 1, 2021	\$ 1,624,076	15,423	82,748	102,612	405,734	(18,296)	(99,519)	(173,021)	1,939,757	40,808	1,980,565	
Profit	-	-	-	-	51,141	-	-	-	51,141	(297)	50,844	
Other comprehensive income	-	-	-	-	-	(2,497)	40,875	-	38,378	2,080	40,458	
Total comprehensive income	-	-	-	-	51,141	(2,497)	40,875	-	89,519	1,783	91,302	
Appropriation and distribution of retained earnings:												
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)	
Balance as of March 31, 2021	\$ 1,624,076	15,423	82,748	102,612	267,986	(20,793)	(58,644)	(173,021)	1,840,387	42,591	1,882,978	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended March 31, 2021 and 2020**  
(Expressed in thousands of New Taiwan Dollars)  
**(Reviewed, not audited)**

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities :</b>		
Profit (Loss) before tax	\$ 60,728	50,822
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	16,224	20,344
Amortization expense	324	381
Expected credit impairment loss	205	541
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(3,712)	9,121
Interest expense	2,089	3,203
Interest income	(730)	(4,195)
Dividend income	(2,160)	-
Gain on disposal of property, plant, equipment	(256)	-
Unrealized foreign exchange loss	10,902	1,654
<b>Total adjustments to reconcile profit</b>	<b>22,886</b>	<b>31,049</b>
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
Decrease (increase) in accounts receivable	(100,903)	190
Decrease in other accounts receivable	178	152
Decrease in inventories	25,543	12,766
Decrease in other current assets	20,525	21,984
<b>Total net changes in operating assets</b>	<b>(54,657)</b>	<b>35,092</b>
Changes in operating liabilities :		
Increase in notes payable	167	1,465
Increase (decrease) in accounts payable	8,704	(37,675)
Decrease in other payable	(49,211)	(83,170)
Increase (decrease) in other current liabilities	(724)	9,429
Decrease in net defined benefit liability	(772)	(650)
Decrease in other non-current liabilities	(52)	(52)
<b>Total changes in operating liabilities</b>	<b>(41,888)</b>	<b>(110,653)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(96,545)</b>	<b>(75,561)</b>
<b>Total adjustments</b>	<b>(73,659)</b>	<b>(44,512)</b>
Cash inflow generated from operations	(12,931)	6,310
Interest received	837	4,715
Dividends received	47	-
Interest paid	(2,216)	(3,117)
Income taxes refund (paid)	1,521	(608)
<b>Net cash flows from (used in) operating activities</b>	<b>(12,742)</b>	<b>7,300</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(163,372)	(88,953)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	7,218
Acquisition of financial assets at fair value through profit or loss	(25,113)	(60,350)
Acquisition of property, plant and equipment	(12,269)	(7,819)
Proceeds from disposal of property, plant, equipment	2,762	-
Acquisition of intangible assets	(96)	(1,439)
Acquisition of investment property	-	(903)
Other financial assets	(5)	(45)
Increase in prepayments on purchase of equipment	-	(268)
<b>Net cash flows from (used in) investing activities</b>	<b>(198,093)</b>	<b>(152,559)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	(592,084)	(167,000)
Increase in long-term loans	400,000	-
Repayments of long-term loans	-	(80,000)
Repayment of lease liabilities	(3,395)	(3,218)
<b>Net cash flows from (used in) financing activities</b>	<b>(195,479)</b>	<b>(250,218)</b>
<b>Effects of changes in foreign exchange rates</b>	<b>(17,694)</b>	<b>(6,660)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(424,008)</b>	<b>(402,137)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,242,331</b>	<b>1,368,252</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 818,323</b>	<b>966,115</b>

See accompanying notes to financial statements.



**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the three months ended March 31, 2021 and 2020**  
**(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)**  
**(Reviewed, not audited)**

**(1) Organization and Business Scope**

Emerging Display Technologies Corp. (the Company) and its subsidiaries was incorporated as a limited liability Group under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan. The Consolidated financial statements comprise Emerging Display Technologies Corp. and its subsidiaries (jointly referred to as the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

**(2) Financial Statements Authorization Date and Authorization Process**

The consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2021.

**(3) Application of New and Revised International Financial Reporting Standards and Interpretations**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2

**(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC**

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC :

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	January 1, 2022

The Group is evaluating the impact on its financial position and financial performance upon its initial adoption of the above mentioned standards or interpretations. The results, thereof, will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Amendments to IFRS 16 “A one-year extension to the for COVID-19 related rent concessions”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

### (4) Summary of Significant Accounting Policies

#### (a) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed by FSC. These consolidated financial statements do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for full annual consolidated financial statements.

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 4 of 2020 consolidated financial statement for detail information.

#### (b) Basis of consolidation

(i) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			March 31,2021	December 31,2019	March 31,2020	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note 2
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Tremendous Explore Corp.	Trading	Note 1	Note 1	100.00%	Note 2
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Note 2
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note 2
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note 2
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note 2

Note1: Tremendous Explore Corp. was liquidated in July, 2020. The related liquidation procedures had been completed.

Note 2: Quarterly financial reports are unaudited for non-major subsidiaries.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

(ii) Subsidiaries which are not included in the consolidated financial statements: None.

### (c) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is calculated based on an interim period’s pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

### (d) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

## (5) Critical Accounting Judgement and Key Sources of Estimation and Uncertainty

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, “Interim Financial Reporting,” and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might be different from the estimation.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2020.

## (6) Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6 of 2020 consolidated financial statements.

### (a) Cash and cash equivalents

	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Cash and cash equivalents	\$ 378	328	380
Demand deposits	581,251	565,624	316,796
Check deposits	596	82	249
Time deposits	89,829	273,962	496,245
Repurchase agreement	146,269	402,335	152,445
Total	<b>\$ 818,323</b>	<b>1,242,331</b>	<b>966,115</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (b) Financial assets at fair value through profit or loss

	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 87,518	58,817	103,962
Swap Contract	-	-	368
<b>Total</b>	<b>\$ 87,518</b>	<b>58,817</b>	<b>104,330</b>
	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Current financial liabilities measured at fair value through profit or loss :			
Forward exchange contract	\$ 72	-	-
Swap Contract	-	195	-
	<b>\$ 72</b>	<b>195</b>	<b>-</b>

Please refer to Note 6(y) for the recognition of gain or loss at fair.

The abovementioned financial assets were not pledged as collateral.

The Group entered into derivative instruments to manage exposure to currency risk arising from operating activities and doesn't applicable to hedge accounting. The Group's derivative instruments were as follows presented under financial assets mandatorily measured at FVTPL and financial liabilities measured at FVTPL; presented under financial assets held for trading :

Forward exchange contract :

	<b>March 31,2021</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contract			
Sell	USD 300	USD to CNY	110.05.13
	<b>December 31,2020</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 1,000	NTD to USD	110.01.07
	<b>March 31,2020</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 2,000	NTD to USD	109.06.05~109.06.29

Please refer to Note 6(z) for credit risk and market risk.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (c) Financial assets at fair value through other comprehensive income

	March 31,2021	December 31,2020	March 31,2020
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 24,203	16,174	5,999
Fubon Financial Holding Co., Ltd.	17,040	14,025	11,265
Taiwan Cement Corp., Ltd.	-	-	7,900
Synnex Technology International Co., Ltd.	29,975	-	24,445
Nan Ya Plastics Corporation	16,758	15,099	11,487
Pegatron Co., Ltd.	16,006	14,537	12,528
CoAsia Electronics Corp.	6,102	5,764	3,744
E.SUN Financial Holding Co., Ltd.	19,726	19,310	16,975
Far Eastern New Century Corp.	30,200	28,950	18,040
Quanta Computer Inc.	46,060	-	29,498
Shian Yih Electronic Co., Ltd.	32,205	30,637	30,456
AGV Products Corporation	918	1,011	695
Getac Technology Corporation	34,515	-	-
CTBC Financial Holding Co., Ltd.	41,548	-	-
Chicony Electronics Co., Ltd.	30,450	-	-
Total	345,706	145,507	173,032
Common stocks listed on foreign markets— current :			
Becton, Dickinson and Company	13,877	14,253	13,890
Total	<u>\$ 359,583</u>	<u>159,760</u>	<u>186,922</u>
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 20,698	19,566	14,318
Chenfeng Optronics Corp.	83,580	78,260	131,320
Total	104,278	97,826	145,638
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	861	865	842
Total	<u>\$ 105,139</u>	<u>98,691</u>	<u>146,480</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The purpose that the Group invests in the abovementioned equity instruments is for long term strategies, but rather for trading purpose, and therefore, is accounted for as FVOCI.

For the three months ended March 31, 2021 and 2020, the Group has recognized the dividend income of \$2,16 and \$0 from equity instruments designated at fair value through other comprehensive income, respectively.

None of the aforementioned stock investments were disposed for the three months ended March 31, 2021 and 2020, therefore, there were no transfers of any cumulative gain or loss under equity relating to these investments.

Please refer to Note 6(z) for market risk.

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of March 31, 2021, December 31, 2020 and March 31, 2020, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$24,203, \$16,174 and \$5,999, respectively.

#### (d) Accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable-measured as amortized cost	\$ 701,244	595,163	559,833
Allowance for impairment	(5,818)	(5,613)	(19,312)
	<u><u>\$ 695,426</u></u>	<u><u>589,550</u></u>	<u><u>540,521</u></u>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows :

	March 31, 2021		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 588,068	0.12%	682
Overdue less than 90 days	108,295	0.29%	315
Overdue 91~180 days	750	92%	69
Overdue 181~270 days	4,131	100%	4,131
Overdue 271 days	-	-	-
	<u><u>\$ 701,244</u></u>		<u><u>5,818</u></u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	December 31, 2020		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 495,965	0.12%	574
Overdue less than 90 days	95,060	0.96%	908
Overdue 91~180 days	4,138	100%	4,131
Overdue 181 days	-	-	-
	<u>\$ 595,163</u>		<u>5,613</u>

	March 31, 2020		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 372,577	0.10%	372
Overdue less than 90 days	168,435	0.10%	169
Overdue 91~180 days	50	0.10%	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	18,771	100%	18,771
	<u>\$ 559,833</u>		<u>19,312</u>

The movement in the provision for impairment loss with respect to trade receivables was as follows:

	For the three months ended March 31	
	2021	2020
Balance on January 1	\$ 5,613	18,771
Recognition of impairment loss	205	541
Ending balance	<u>\$ 5,818</u>	<u>19,312</u>

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(z) for credit risk.

### (e) Other receivables

	March 31, 2021	December 31, 2020	March 31, 2020
Loans to employee	\$ 4,984	5,154	8,664
Dividend receivables	2,146	33	-
Others	856	903	2,140
Allowance for impairment	-	-	-
	<u>\$ 7,986</u>	<u>6,090</u>	<u>10,804</u>

Please refer to Note 6(z) for credit risk.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (f) Inventories

	March 31,2021	December 31,2020	March 31,2020
Raw materials and supplies	\$ 342,598	346,225	255,215
Work in process	283,708	299,441	300,460
Finished goods	216,203	215,535	233,166
Inventories in transit	2,550	9,300	1,665
	<u>\$ 845,059</u>	<u>870,501</u>	<u>790,506</u>

The details of cost of sales are as follows :

	For the three months ended March 31	
	2021	2020
Reclassification to cost of sales and expenses	\$ 759,736	651,278
Inventory loss of write-down (gain on reversal of inventory)	(11,330)	1,088
Unamortized manufacturing expenses	4,708	6,335
Loss on scrap	21,080	15,563
Others	(70)	(37)
	<u>\$ 774,124</u>	<u>674,227</u>

For the three months ended March 31,2021, the Group recognized a gain from price recovery of inventory was due to, the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal was recorded as operating costs. For the three months ended March 31,2020, the Group recognized an inventory valuation loss, accounted for as cost of goods sold, due to the decreasing value from the carrying amount to the net realized value.

Inventories were not pledged as collaterals.

### (g) Other current assets

The details of other current assets are as follows :

	March 31,2021	December 31,2020	March 31,2020
Income tax refund receivable	\$ 2,468	1,954	2,002
Prepayment for purchases	33,409	63,725	17,981
Prepaid expense	5,125	6,757	6,818
Prepaid sales tax	14,124	5,496	6,939
Restricted time deposits	2,057	2,051	2,107
Refundable deposits	10,073	10,164	7,064
Others	3,891	3,545	3,371
	<u>\$ 71,147</u>	<u>93,692</u>	<u>46,282</u>
Book as:			
Other current assets	\$ 60,547	83,002	38,660
Other financial assets — non-current	10,600	10,690	7,622
	<u>\$ 71,147</u>	<u>93,692</u>	<u>46,282</u>



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The above mentioned restricted time deposits had been pledged as collateral. Please refer to note 8.

#### (h) Major non-controlling interests' share of subsidiaries

Significant to the Group of the non-controlling interest subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		March 31,2020	December 31,2019	March 31,2019
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with the Group:

Summarized financial information for Ying Cheng Investment Corp. is as follows:

	March 31,2021	December 31,2020	March 31,2020
Current asset	\$ 9,970	10,002	10,090
Non-current asset	71,640	67,080	112,560
Current liability	(30)	(50)	(50)
Net asset	<u>\$ 81,580</u>	<u>77,032</u>	<u>122,600</u>
Non-controlling equity closing book amount	<u>\$ 38,751</u>	<u>36,591</u>	<u>58,235</u>

	For the three months ended March 31	
	2021	2020
Operating revenue	\$ -	-
Net loss	\$ (12)	(12)
Other comprehensive income	4,560	6,240
Comprehensive income	<u>\$ 4,548</u>	<u>6,228</u>
Loss attributable to non-controlling interest	<u>\$ (6)</u>	<u>(6)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 2,160</u>	<u>2,958</u>

	For the three months ended March 31	
	2021	2020
Cash flow from operating activities	\$ (32)	(12)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	<u>\$ (32)</u>	<u>(12)</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Summarized financial information for Emerging Display International (Samoa) Corp. is as follows :

	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Current asset	\$ 119,594	138,640	133,338
Non-current asset	36,477	15,264	20,865
Current liability	(49,751)	(53,503)	(46,243)
Non-current liability	(14,884)	-	-
Net asset	<b>\$ 91,436</b>	<b>100,401</b>	<b>107,960</b>
Non-controlling equity closing book amount	<b>\$ 3,840</b>	<b>4,217</b>	<b>4,534</b>
Current asset			

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<b>\$ 20,083</b>	<b>33,782</b>
Net loss	\$ (6,930)	(456)
Other comprehensive income	(2,035)	(1,059)
Comprehensive income	<b>\$ (8,965)</b>	<b>(1,515)</b>
Loss attributable to non-controlling interest	<b>\$ (291)</b>	<b>(19)</b>
Comprehensive income attributable to non-controlling interest	<b>\$ (377)</b>	<b>(64)</b>

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	\$ 1,232	9,317
Cash flow from investing activities	(1,258)	(488)
Cash flow from financing activities	(1,659)	(1,509)
Effects of changes in foreign exchange rates	(68)	(219)
Net increase(decrease) in cash and cash equivalents	<b>\$ (1,753)</b>	<b>7,101</b>

### (i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Other</b>	<b>Total</b>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2021	\$ 23,940	1,048,089	2,402,579	28,273	146,461	3,649,342
Additions	-	541	1,314	155	10,511	12,521
Reclassification	-	-	3,423	-	(3,423)	-
Disposals	-	(66)	-	-	(5,184)	(5,250)
Effect of movements in exchange rates	46	(339)	(1,494)	(75)	(73)	(1,935)
Balance at March 31, 2021	<b>\$ 23,986</b>	<b>1,048,225</b>	<b>2,405,822</b>	<b>28,353</b>	<b>148,292</b>	<b>3,654,678</b>
Balance at January 1, 2020	\$ 25,201	1,047,550	2,384,197	28,331	133,476	3,618,755
Additions	-	65	486	-	2,564	3,115
Reclassification	-	275	64	-	(339)	-
Effect of movements in exchange rates	206	(400)	(2,258)	(10)	(66)	(2,528)
Balance at March 31, 2020	<b>\$ 25,407</b>	<b>1,047,490</b>	<b>2,382,489</b>	<b>28,321</b>	<b>135,635</b>	<b>3,619,342</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Depreciation:</b>						
Balance at January 1, 2021	\$ -	817,727	2,355,670	27,246	117,385	3,318,028
Depreciation	-	3,750	4,752	87	3,909	12,498
Disposals	-	(66)	-	-	(2,678)	(2,744)
Effect of movements in exchange rates	-	(336)	(1,453)	(77)	(53)	(1,919)
Balance at March 31, 2021	<u>\$ -</u>	<u>821,075</u>	<u>2,358,969</u>	<u>27,256</u>	<u>118,563</u>	<u>3,325,863</u>
Balance at January 1, 2020	\$ -	800,136	2,330,684	26,927	95,053	3,252,800
Depreciation	-	4,477	5,540	198	6,544	16,759
Effect of movements in exchange rates	-	(481)	(2,182)	(17)	(52)	(2,732)
Balance at March 31, 2020	<u>\$ -</u>	<u>804,132</u>	<u>2,334,042</u>	<u>27,108</u>	<u>101,545</u>	<u>3,266,827</u>
<b>Carrying amount:</b>						
Balance at January 1, 2021	<u>\$ 23,940</u>	<u>230,362</u>	<u>46,909</u>	<u>1,027</u>	<u>29,076</u>	<u>331,314</u>
Balance at March 31, 2021	<u>\$ 23,986</u>	<u>227,150</u>	<u>46,853</u>	<u>1,097</u>	<u>29,729</u>	<u>328,815</u>
Balance at January 1, 2020	<u>\$ 25,201</u>	<u>247,414</u>	<u>53,513</u>	<u>1,404</u>	<u>38,423</u>	<u>365,955</u>
Balance at March 31, 2020	<u>\$ 25,407</u>	<u>243,358</u>	<u>48,447</u>	<u>1,213</u>	<u>34,090</u>	<u>352,515</u>

Please refer to Note 6(y) for detail of disposal gain and loss.

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in Note 8.

### (j) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, transportation equipment were as follows :

	Land	Building and construction	Transportation equipment	Total
<b>Right-of-use assets cost:</b>				
Balance at January 1, 2021	\$ 66,409	27,904	326	94,639
Additions	-	22,695	-	22,695
Effect of changes in foreign exchange rates	-	(729)	-	(729)
Balance at March 31, 2021	<u>\$ 66,409</u>	<u>49,870</u>	<u>326</u>	<u>116,605</u>
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Disposals	(817)	-	-	(817)
Effect of changes in foreign exchange rates	-	(131)	2	(129)
Balance at March 31, 2020	<u>\$ 66,409</u>	<u>23,378</u>	<u>216</u>	<u>90,003</u>
<b>Depreciation:</b>				
Balance at January 1, 2021	\$ 5,482	21,893	36	27,411
Depreciation	680	2,855	27	3,562
Effect of changes in foreign exchange rates	-	(399)	-	(399)
Balance at March 31, 2021	<u>\$ 6,162</u>	<u>24,349</u>	<u>63</u>	<u>30,574</u>
Balance at January 1, 2020	\$ 2,757	10,857	128	13,742
Depreciation	683	2,720	33	3,436
Effect of changes in foreign exchange rates	-	(63)	1	(62)
Balance at March 31, 2020	<u>\$ 3,440</u>	<u>13,514</u>	<u>162</u>	<u>17,116</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Transportation equipment	Total
<b>Carrying amount:</b>				
Balance at January 1, 2021	\$ 60,927	6,011	290	67,228
Balance at March 31, 2021	\$ 60,247	25,521	263	86,031
Balance at January 1, 2020	\$ 64,469	12,652	86	77,207
Balance at March 31, 2020	\$ 62,969	9,864	54	72,887

### (k) Investment property

Investment property includes assets owned by the Group such as office buildings leased to third party.

Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(q) for information of the rental income.

Rental income of leased investment property has a fixed amount.

Investment property cost and depreciation of the Group were as follows :

	Land	Building and construction	Total
<b>Cost or deemed cost:</b>			
Balance at January 1, 2021	\$ 45,333	15,500	60,833
Effect of changes in foreign exchange rates	87	30	117
Balance at March 31, 2021	\$ 45,420	15,530	60,950
Balance at January 1, 2020	\$ 47,720	15,418	63,138
Additions	-	903	903
Effect of changes in foreign exchange rates	390	129	519
Balance at March 31, 2020	\$ 48,110	16,450	64,560
<b>Depreciation:</b>			
Balance at January 1, 2021	\$ -	5,675	5,675
Depreciation	-	164	164
Effect of changes in foreign exchange rates	-	12	12
Balance at March 31, 2021	\$ -	5,851	5,851
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation	-	149	149
Effect of changes in foreign exchange rates	-	44	44
Balance at March 31, 2020	\$ -	5,497	5,497
<b>Carrying amount:</b>			
Balance at January 1, 2021	\$ 45,333	9,825	55,158
Balance at March 31, 2021	\$ 45,420	9,679	55,099
Balance at January 1, 2020	\$ 47,720	10,114	57,834
Balance at March 31, 2020	\$ 48,110	10,953	59,063

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31,2020.

The investment property was not pledged as collateral.

### (I) Intangible assets

Initial cost and accumulated amortization for intangible assets were as follows:

	<u>Patent</u>	<u>Computer software cost</u>	<u>Total amount</u>
<b>Initial cost:</b>			
Balance as of January 1, 2021	\$ 2,888	9,477	12,365
Individual acquisition	69	27	96
Disposals	(54)	-	(54)
Effects of changes in foreign exchange rates	-	(1)	(1)
Balance as of March 31, 2021	<u>\$ 2,903</u>	<u>9,503</u>	<u>12,406</u>
Balance as of January 1, 2020	\$ 3,557	8,018	11,575
Individual acquisition	70	1,369	1,439
Disposals	(912)	-	(912)
Effects of changes in foreign exchange rates	-	2	2
Balance as of March 31, 2020	<u>\$ 2,715</u>	<u>9,389</u>	<u>12,104</u>
<b>Amortization:</b>			
Balance as of January 1, 2021	\$ 1,433	6,821	8,254
Amortization	64	260	324
Disposals	(54)	-	(54)
Effects of changes in foreign exchange rates	-	(1)	(1)
Balance as of March 31, 2021	<u>\$ 1,443</u>	<u>7,080</u>	<u>8,523</u>
Balance as of January 1, 2020	\$ 2,137	5,661	7,798
Amortization	69	312	381
Disposals	(912)	-	(912)
Effects of changes in foreign exchange rates	-	3	3
Balance as of March 31, 2020	<u>\$ 1,294</u>	<u>5,976</u>	<u>7,270</u>
<b>Carrying amount:</b>			
Balance as of January 1, 2021	<u>\$ 1,455</u>	<u>2,656</u>	<u>4,111</u>
Balance as of March 31, 2021	<u>\$ 1,460</u>	<u>2,423</u>	<u>3,883</u>
Balance as of January 1, 2020	<u>\$ 1,420</u>	<u>2,357</u>	<u>3,777</u>
Balance as of March 31, 2020	<u>\$ 1,421</u>	<u>3,413</u>	<u>4,834</u>

Intangible assets were not pledged as collateral.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (m) Short-term loans

The details of short-term loans were as follows:

	March 31,2021	December 31,2020	March 31,2020
Unsecured bank loans	<u>\$ 107,963</u>	<u>700,000</u>	<u>233,000</u>
Unused lines of credit	<u>\$ 1,878,280</u>	<u>1,173,097</u>	<u>1,492,698</u>
Range of interest rates	<u>0.81%~1%</u>	<u>0.80%~0.85%</u>	<u>0.98%~1.03%</u>

Short-term loans were not pledged as collateral.

Please refer to note 6(z) for the interest rate risk and sensitivity analysis of the financial liabilities of the Group.

### (n) Other payables

	March 31,2021	December 31,2020	March 31,2020
Salaries and wages payables	\$ 46,280	47,042	39,850
Year-end bonus payables	15,000	68,000	10,000
Employee remuneration payables	17,993	14,683	19,172
Directors' and supervisors' remuneration payables	10,796	8,810	11,503
Employee benefit liabilities	37,145	34,270	29,473
Dividends payable	188,895	-	-
Others	97,781	101,707	93,245
	<u>\$ 413,890</u>	<u>274,512</u>	<u>203,243</u>

### (o) Long-term loans

The details of long-term loans were as follows :

	March 31,2021	December 31,2020	March 31,2020
Commercial paper payable	\$ 400,000	-	-
Secured bank loans	-	-	240,000
Less: discount on long-term loans	(1,610)	-	(278)
Total	<u>\$ 398,390</u>	<u>-</u>	<u>239,722</u>
Recognized in:			
Long-term loans, current portion	<u>\$ -</u>	<u>-</u>	<u>239,722</u>
Unused long-term credit lines	<u>\$ 400,000</u>	<u>800,000</u>	<u>240,000</u>
Range of interest rates	<u>1.1613%</u>	<u>-</u>	<u>1.8083%</u>

On November 17, 2016, the Group entered into a syndicated loan agreement with eight banks leaded by Tai Shin Bank for the period from the date of first borrowing to the three-year term with cycle use lines of credit. The credit line will decrease every 6 months since two years after the first appropriation date. The first and second phase will decrease by 20% of the effective credit line, and the third phase will decrease by 60%. The Group will repay the total borrowing upon maturity. The contract had expired and the borrowed amount had been fully repaid in 2020.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group signed a 5 year syndicated loan contract with E.SUN bank and six other banks at May 15, 2020, with a revolving credit line of \$800,000 from the first appropriation date to maturity date, wherein \$800,000 can be appropriated by using the Company's own fund and \$600,000 by using commercial paper, and the combined credit line should not exceed \$800,000. According to the loan contract, the Group should repay the syndicated loan contract signed on November 17, 2016, before the first appropriation date. Additionally, the date after 9 months when the contract was signed will be considered as the first appropriation date even if the credit line is unused after 9 months. The credit line will decrease every 6 months since 36-month after the first appropriation date with total five year to decrease the credit line. The first to fourth phase will decrease by 12.5% of the effective credit line and the fifth phase will decrease by 50% which will repay the total borrowing upon maturity. The Group borrowed the amount of \$400,000 on February 5, 2021, by issued Commercial paper. For the related information and concerned restricted terms, please refer to Note 6(o) of 2020 consolidated financial statements.

Assets pledged as collateral for long-term loans are disclosed in Note 8.

#### (p) Lease liabilities

The details of lease liabilities were as follows :

	<u>March 31,2021</u>	<u>December 31,2020</u>	<u>March 31,2020</u>
Current	\$ <u>12,338</u>	<u>7,325</u>	<u>10,687</u>
Non-Current	\$ <u>75,789</u>	<u>61,833</u>	<u>63,691</u>

For maturity analysis, please refer to Note 6 (z) Financial Instruments.

The amounts recognized in profit or loss were as follows :

	<u>For the years ended March 31,2021</u>	<u>For the years ended March 31,2020</u>
Interest on lease liabilities	\$ <u>683</u>	<u>687</u>
Expenses relating to short-term leases	\$ <u>542</u>	<u>562</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>60</u>	<u>58</u>
COVID-19-related rent concessions	\$ <u>-</u>	<u>1,131</u>

The amounts recognized in the statement of cash flows for the Group were as follow :

	<u>For the years ended March 31,2021</u>	<u>For the years ended March 31,2020</u>
Total cash outflow for leases	\$ <u>4,890</u>	<u>4,835</u>

#### (i) Lease of land, building and construction

The Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The lease agreements for some of the equipment include the option to extend the lease or terminate the lease, which are managed separately by each region, and therefore the individual terms and conditions agreed upon are different within the Group. These options are only for the Group to have enforceable rights and the lessor does not have this right. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The lease period for the Group leased transportation equipment is one to two years.

The Group supervises the use of such transportation equipment and re-measures the lease liability and right-of-use assets on the reporting date.

In addition, the lease term of the Group leased machinery and equipment is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

**(q) Operating lease**

There was no increase for operating lease for the three months ended March 31, 2021 and 2020. Please refer to Note 6(q) of the 2020 consolidated financial statements.

**(r) Employee benefits**

(i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end of the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2020 and 2019.

Cost recognized in expense was as below :

	<b>For the years ended March 31,2021</b>	<b>For the years ended March 31,2020</b>
Operating cost	\$ 230	287
Selling expenses	12	14
General and administrative expenses	36	47
Research and development expenses	27	34
	<b><u>\$ 305</u></b>	<b><u>382</u></b>

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<b>For the years ended March 31,2021</b>	<b>For the years ended March 31,2020</b>
Operating cost	\$ 5,776	5,442
Selling expenses	1,350	1,300
General and administrative expenses	584	488
Research and development expenses	685	683
	<b><u>\$ 8,395</u></b>	<b><u>7,913</u></b>



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (s) Income tax

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management.

The amounts of income tax expense (benefit) were as follows :

	For the years ended March 31,2021	For the years ended March 31,2020
Current tax expense		
Current	\$ 9,879	6,952
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	5	17
Income tax expense	<u>\$ 9,884</u>	<u>6,969</u>

For the three months ended March 31,2021 and 2020 no income tax was recognized directly in equity.

The amount of income tax benefit recognized in other comprehensive income (loss) were as follows :

	For the years ended March 31,2021	For the years ended March 31,2020
Items that will not be reclassified subsequently to profit or loss :		
Unrealized gains or losses from investments in equity instruments measured at FVOCI	<u>\$ (75)</u>	<u>225</u>

### Approval of income tax

The Company's income tax returns for all fiscal years up to 2019 have been examined and approved by the R.O.C. tax authority.

### (t) Share capital and other equity

The Group had no share capital change for the three months ended March 31, 2021 and 2020 except below statement. Please refer to Note 6(t) of 2020 consolidated financial statements for detail information.

#### (i) Capital Stock

As of March 31, 2021, December 31 and March 31, 2020, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock are 162,408 thousand shares. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 148,613 thousand shares.

#### (ii) Capital surplus

Capital surplus was as follows :

	March 31,2021	December 31,2020	March 31,2020
Treasury stock	\$ 14,950	14,950	4,397
Disgorgement	473	473	-
Total	<u>\$ 15,423</u>	<u>15,423</u>	<u>4,397</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iii) Earnings distribution

The appropriations of earnings for 2020 have been approved in the meeting of the board of directors held on March 10, 2021, which was authorized by company's articles of Incorporation. And the appropriations of earnings for 2019 had been approved in the shareholders' meeting held on June 12, 2020. The appropriation and dividend per share were as follows :

	<u>2020</u>	<u>2019</u>
Cash dividend to shareholders (TWD) :		
Cash	<u>\$ 1.2</u>	<u>1.2</u>

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	\$ (18,296)	(99,519)	(117,815)
— Changes of the Group	(2,497)	40,875	38,378
Balance at March 31, 2021	<u>\$ (20,793)</u>	<u>(58,644)</u>	<u>(79,437)</u>
Balance at January 1, 2020	\$ (14,111)	(88,501)	(102,612)
— Changes of the Group	(562)	(16,727)	(17,289)
Balance at March 31, 2020	<u>\$ (14,673)</u>	<u>(105,228)</u>	<u>(119,901)</u>

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

<u>Reason to buy back</u>	<u>Beginning Shares</u>	<u>Increase shares</u>	<u>Decrease shares</u>	<u>Ending share</u>
<b>January to March, 2021</b>				
Transfer to employees	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>January to March, 2020</b>				
Transfer to employees	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>

As of March 31, 2021, December 31 and March 31, 2020, the costs of treasury stocks amounted to \$50,739.

In accordance with Securities and Exchange Act requirements, treasury stocks held by the Company should not be pledged, and do not hold shareholder rights before their transfer. Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the three months ended March 31, 2021 and 2020, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of March 31, 2021, December 31 and March 31, 2020, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of March 31, 2021, December 31 and March 31, 2020, their market values amounted to \$175,888, \$169,292 and \$140,710, respectively.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows :

	For the three months ended March 31	
	2021	2020
<b>Basic earnings per share</b>		
Profit attributable to owners of parent	\$ 51,141	43,878
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	148,613	148,613
Expressed in New Taiwan dollars	\$ 0.34	0.30
<b>Diluted earnings per share</b>		
Profit attributable to owners of parent	\$ 51,141	43,878
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,613	148,613
Effect of potentially dilutive ordinary stock:		
— Employee bonus (expressed in thousands of shares)	737	987
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	149,350	149,600
Expressed in New Taiwan dollars	\$ 0.34	0.29

In computing above basic earnings (loss) per share of ordinary stock for the three months ended March 31, 2021 and 2020, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

### (v) Revenue from Contracts with Customers

#### (i) Disaggregation of revenue

	For the three months ended March 31			
	2021			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 574,000	-	468	574,468
USA	172	170,588	-	170,760
Others	164,061	35,407	66	199,534
Total	\$ 738,233	205,995	534	944,762
Major products:				
Liquid crystal display modules	\$ 158,019	103,445	-	261,464
Capacitive touch panel and capacitive touch panel module	577,401	100,589	-	677,990
Others	2,813	1,961	534	5,308
Total	\$ 738,233	205,995	534	944,762

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	For the three months ended March 31			
	2020			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 470,350	36	90	470,476
USA	-	156,322	-	156,322
Others	140,835	47,032	299	188,166
Total	<u>\$ 611,185</u>	<u>203,390</u>	<u>389</u>	<u>814,964</u>
Major products:				
Liquid crystal display modules	\$ 172,995	105,671	-	278,666
Capacitive touch panel and capacitive touch panel module	433,337	89,818	-	523,155
Others	4,853	7,901	389	13,143
Total	<u>\$ 611,185</u>	<u>203,390</u>	<u>389</u>	<u>814,964</u>

### (ii) Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable (including related parties)	\$ 701,244	595,163	559,833
Less: allowance for impairment	(5,818)	(5,613)	(19,312)
Total	<u>\$ 695,426</u>	<u>589,550</u>	<u>540,521</u>
Contract liability — Unearned revenue (recognized in other current liabilities)	<u>\$ 32,066</u>	<u>33,286</u>	<u>24,225</u>

Please refer to Note 6(d) for accounts receivables and impairment.

The amount of revenue recognized for the three months ended March 31, 2021 and 2020, that was included in the contract liability balance at the beginning of the period were \$1,982 and \$1,676 respectively.

### (w) Employee's remuneration, and directors' and supervisors' remuneration

According to the Company's articles of association, the Company should contribute no less than 5% of the profit as employee remuneration and a maximum of 3% as directors' and supervisors' remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Group and its affiliates.

The Company accrued the remuneration of employees amounted and the remuneration of directors' and supervisors' amounted were as follows :

	For the three months ended March 31	
	2021	2020
Employee's remuneration	<u>\$ 3,310</u>	<u>2,810</u>
Directors' and supervisors' remuneration	<u>\$ 1,986</u>	<u>1,686</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The above amount were estimated as the Company's net income before tax, excluding remuneration of employees and remuneration of directors and supervisors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses were recognized in operating costs and operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the remuneration of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

The accrued compensation of employees amounted to \$14,683 and \$16,362 for 2020 and 2019, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$8,810 and \$9,817 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website: <http://emops.twse.com.tw>.

#### (x) Other operating income and expenses

Net other income (expenses) consists of rental income from investment property and lending space.

#### (y) Non-operating income and expenses

##### (i) Interest income

The details of interest income were as follows :

	For the three months ended March 31	
	2021	2020
Bank deposits	\$ 730	4,195
Others	11	30
	<b>\$ 741</b>	<b>4,225</b>

##### (ii) Other income

The details of other income were as follows :

	For the three months ended March 31	
	2021	2020
Dividend income	\$ 2,160	-
Others	86	4,738
	<b>\$ 2,246</b>	<b>4,738</b>

##### (iii) Other gains and losses

Details of other gains and losses were as follows :

	For the three months ended March 31	
	2021	2020
Foreign exchange gains (losses)	\$ (8,089)	18,257
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	2,775	(9,749)
Net gains on disposal of property, plant and equipment	256	-
Others	-	(6)
	<b>\$ (5,058)</b>	<b>8,502</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (iv) Finance cost

Details of finance costs were as follows :

	For the three months ended March 31	
	2021	2020
Interest expenses	\$	
Bank loans	1,356	2,454
Lease liabilities	683	687
Management fee of syndicated loan	50	62
	<b>\$ 2,089</b>	<b>3,203</b>

### (z) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(z) of 2020 consolidated financial statements.

#### (i) Credit risk

##### 1) Exposure to credit risk

The Group's maximum exposure to credit risk was the carrying amount of financial assets.

##### 2) Concentration of credit risk

As of March 31, 2021 and December 31, 2020, one customer accounted for 38.69% and 45.56% of total accounts receivables. The Group has no significant concentration of its accounts receivable as of March 31, 2020.

##### 3) Accounts receivable of credit risk

Please refer to Note 6(d) for accounts receivable and notes receivable of credit risk exposure.

Other financial assets measured at amortized cost including other accounts receivable, refundable deposits, and certificate deposit recognized as debt instrument without active market. All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses. None of the expected credit losses that should be included in the assessment. Please refer to Note 6(e).

#### (ii) Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	Due in over 5 years
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 398,390	(422,538)	(2,316)	(2,316)	(4,645)	(413,261)	-
Unsecured loans (floating rate)	107,963	(108,180)	(108,180)	-	-	-	-
Accounts payable (non-interest bearing)	409,920	(409,920)	(409,920)	-	-	-	-
Notes payable (non-interest bearing)	1,401	(1,401)	(1,401)	-	-	-	-
Other payable (non-interest bearing)	413,890	(413,890)	(413,890)	-	-	-	-
Lease liability (fixed interest rate)	88,127	(122,888)	(8,303)	(7,283)	(12,929)	(19,548)	(74,825)
Guarantee deposits received (non-interest bearing)	560	(560)	-	-	-	(560)	-

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	<u>Carrying amount</u>	<u>Contracte d cash flows</u>	<u>Due within 6 months</u>	<u>Due in 6- 12months</u>	<u>Due in 1- 2 years</u>	<u>Due in 2- 5 years</u>	<u>Due in over 5 years</u>
Derivative financial liabilities							
Swap Contract :	72						
Cash in		8,510	8,510	-	-	-	-
Cash out		(8,561)	(8,561)	-	-	-	-
	<u>\$ 1,420,323</u>	<u>(1,479,428)</u>	<u>(944,061)</u>	<u>(9,599)</u>	<u>(17,574)</u>	<u>(433,369)</u>	<u>(74,825)</u>

### December 31, 2020

Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 700,000	(700,756)	(700,756)	-	-	-	-
Accounts payable (no interest)	400,068	(400,068)	(400,068)	-	-	-	-
Notes payable (no interest)	1,234	(1,234)	(1,234)	-	-	-	-
Other payable (no interest)	274,518	(274,518)	(274,518)	-	-	-	-
Lease liability (fixed interest)	69,158	(102,319)	(5,700)	(3,737)	(5,068)	(11,996)	(75,818)
Guarantee deposits received (no interest)	558	(558)	-	-	-	(558)	-
Derivative financial liabilities							
Swap Contract:	195						
Cash in		28,480	28,480	-	-	-	-
Cash out		(28,703)	(28,703)	-	-	-	-
	<u>\$ 1,445,731</u>	<u>(1,479,676)</u>	<u>(1,382,499)</u>	<u>(3,737)</u>	<u>(5,068)</u>	<u>(12,554)</u>	<u>(75,818)</u>

### March 31, 2020

Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 239,722	(241,617)	(241,617)	-	-	-	-
Unsecured loans (floating rate)	233,000	(233,135)	(233,135)	-	-	-	-
Accounts payable(non-interest bearing)	394,093	(394,093)	(394,093)	-	-	-	-
Notes payable (non-interest bearing)	1,772	(1,772)	(1,772)	-	-	-	-
Other payable (non-interest bearing)	203,243	(203,243)	(203,243)	-	-	-	-
Lease liability (fixed interest rate)	74,378	(109,301)	(7,298)	(5,751)	(5,536)	(11,918)	(78,798)
Guarantee deposits received (non-interest bearing)	591	(591)	-	-	(34)	(557)	-
	<u>\$ 1,146,799</u>	<u>(1,183,752)</u>	<u>(1,081,158)</u>	<u>(5,751)</u>	<u>(5,570)</u>	<u>(12,475)</u>	<u>(78,798)</u>

The Group does not expect that the cash flows could occur significantly earlier or at significantly different amount.

### (iii) Market Risk

#### 1) Currency risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows :

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 47,626	28.535	1,358,998	62,555	28.48	1,781,570	53,360	30.225	1,612,810
JPY	66,205	0.2577	17,061	52,538	0.2763	14,516	15,608	0.2788	4,351
CNY	5,495	4.344	23,869	4,021	4.377	17,601	2,017	4.255	8,581
EUR	59	33.48	1,969	75	35.02	2,627	32	33.24	1,053
<u>Non-monetary items</u>									
USD	2,615	28.535	74,612	2,566	28.48	73,070	4,909	30.225	148,302

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	14,170	28.535	404,341	14,997	28.48	427,119	11,250	30.225	340,036
JPY	12,770	0.2577	3,291	16,437	0.2763	4,541	25,026	0.2788	6,977
EUR	-	-	-	72	35.02	2,534	-	-	-
<u>Non-monetary items</u>									
USD	300	28.535	8,561	1,000	28.48	28,480	-	-	-

The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivables, other receivables, financial assets measured at fair value through profit or loss, financial assets and liabilities measured at fair value through other comprehensive income, accounts payables, and other payables. As of March 31, 2021 and 2020, if the exchange rate of the TWD versus the USD, CNY, JPY, and EUR have increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by \$7,383 and \$9,087, and other comprehensive income after tax would have increased or decreased by \$114. The analysis is performed on the same basis of prior year.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months ended March 31, 2021 and 2020, foreign exchange gain (including realized and unrealized) amounted to loss \$8,089 and gain \$18,257, respectively.

### 2) Interest rate analysis

Please refer to liquidity risk management for the detail of the Group's financial liabilities' interest exposure.

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year. When internal report to the Group's top management regarding the interest rate change, they use 0.25% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly. The impact on the Group will be as follows :

For the three months ended March 31			
2021		2020	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax profit	After-tax profit	After-tax profit	After-tax profit
\$ 254	254	237	237

The above-mentioned variables attribute to the Group's change of interest rate on loan.

### 3) Other price risk

If the prices of financial instrument change at reporting date, with all other variables held constant, the influences were as follows :



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Equity price at reporting date	For the three months ended March 31			
	2021		2020	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	<u>\$ 13,858</u>	<u>2,261</u>	<u>9,919</u>	<u>2,675</u>
Decrease 3%	<u>\$ (13,858)</u>	<u>(2,261)</u>	<u>(9,919)</u>	<u>(2,675)</u>

### (iv) Fair value

#### 1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income, are measured on a recurring basis. The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and on investments in equity instruments which do not have any quoted price in an active market and lease liability.

	March 31, 2021				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	<u>\$ 87,518</u>	87,518	-	-	87,518
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	360,444	360,444	-	-	360,444
Equity instrument at fair value without quoted market prices	<u>104,278</u>	-	-	104,278	104,278
Subtotal	<u>464,722</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	818,323	-	-	-	-
Account receivables	695,426	-	-	-	-
Other account receivables	7,986	-	-	-	-
Restricted deposit	2,057	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>10,073</u>	-	-	-	-
Subtotal	<u>1,533,865</u>				
<b>Total</b>	<u><b>\$ 2,086,105</b></u>				
<b>Financial liabilities at FVTPL</b>					
Swap Contract	<u>\$ 72</u>	-	72	-	72
<b>Financial liabilities at amortized cost</b>					
Bank loans	506,353	-	-	-	-
Notes payable	1,401	-	-	-	-
Accounts payable	409,920	-	-	-	-
Other payable	413,890	-	-	-	-
Lease liabilities	88,127	-	-	-	-
Guarantee deposits	<u>560</u>	-	-	-	-
Subtotal	<u>1,420,251</u>				
<b>Total financial liabilities</b>	<u><b>\$ 1,420,323</b></u>				
	December 31, 2020				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	<u>\$ 58,817</u>	58,817	-	-	58,817
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	160,625	160,625	-	-	160,625

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

December 31, 2020					
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
Equity instrument at fair value without quoted market prices	97,826	-	-	97,826	97,826
Subtotal	258,451				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,242,331	-	-	-	-
Account receivables	589,550	-	-	-	-
Other account receivables	6,090	-	-	-	-
Restricted deposit	2,051	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	10,164	-	-	-	-
Subtotal	1,850,186				
<b>Total</b>	<b>\$ 2,167,454</b>				
<b>Financial liabilities at FVTPL</b>					
Derivative financial liabilities	\$ 195	-	195	-	195
<b>Financial liabilities at amortized cost</b>					
Bank loans	700,000	-	-	-	-
Notes payable	1,234	-	-	-	-
Accounts payable	400,068	-	-	-	-
Other payable	274,518	-	-	-	-
Lease liabilities	69,158	-	-	-	-
Guarantee deposits	558	-	-	-	-
Subtotal	1,445,536				
<b>Total financial liabilities</b>	<b>\$ 1,445,731</b>				

March 31, 2020					
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 368	-	368	-	368
Debt instrument with quoted market prices	103,962	103,962	-	-	103,962
Subtotal	104,330				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	187,764	187,764	-	-	187,764
Equity instrument at fair value without quoted market prices	145,638	-	-	145,638	145,638
Subtotal	333,402				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	966,115	-	-	-	-
Account receivables	540,521	-	-	-	-
Other account receivables	10,804	-	-	-	-
Restricted deposit	2,107	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	7,064	-	-	-	-
Subtotal	1,526,611				
<b>Total</b>	<b>\$ 1,964,343</b>				
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 472,722	-	-	-	-
Notes payable	1,772	-	-	-	-
Account payable	394,093	-	-	-	-
Other payable	203,243	-	-	-	-
Lease liability	74,378	-	-	-	-
Guarantee deposits received	591	-	-	-	-
<b>Total</b>	<b>\$ 1,146,799</b>				

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques are as follows :

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 2) Valuation techniques and assumptions unused in fair value determination

##### (A) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the fair value will be estimated by valuation technique or the prices quoted by competitors.

##### (B) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

#### 3) Valuation techniques and assumptions used in fair value determination

##### Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Group's listed securities and open-end funds with standard terms and conditions and traded in active markets are determined by the quoted market prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee's estimated future cash flow.

##### Derivative instruments

The fair value of Swap contracts is based on quoted prices from the counterparty.

#### 4) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended March 31, 2021 and 2020.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

- 5) Movement of financial assets through other comprehensive income categorized within Level 3.

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
<b>Balance at January 1, 2021</b>	\$ 97,826
Recognized in other comprehensive income	6,452
<b>Balance at March 31, 2021</b>	<b>\$ 104,278</b>
<b>Balance at January 1, 2020</b>	\$ 139,872
Recognized in other comprehensive income	5,766
<b>Balance at March 31, 2020</b>	<b>\$ 145,638</b>

- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through other comprehensive income— equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable input. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>Continuing growth rate (as of March 31, 2021, December 31, 2020 and March 31, 2020 ranged from 0.48% 、0.48% and 2.10% respectively)</li> <li>Weighted average cost of capital (as of March 31, 2021, December 31, 2020 and March 31, 2020 ranged from 10.16% 、10.52% and 8.87% respectively)</li> <li>Market illiquidity discount rate (as of March 31, 2021, December 31, 2020 and March 31, 2020 ranged from 59.80% 、60.73% and 40.22% respectively)</li> <li>Non-controlling interests discount rate (as of March 31, 2021, December 31, 2020 and March 31, 2020 were 29.87%)</li> </ul>	<ul style="list-style-type: none"> <li>If the continuing growth rate was higher, the estimated fair value would increase.</li> <li>If WACC were higher, the estimated fair value would decrease.</li> <li>If the market illiquidity discount rate was higher, the estimated fair value would decrease.</li> <li>If the non-controlling interests discount rate was higher, the estimated fair value would decrease.</li> </ul>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	• Net Asset Value	N/A

### 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumption

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income :

		Changes in fair value reflected in OCI		
Inputs	Fluctuation in inputs		Favorable	Unfavorable
<b>March 31, 2021</b>				
Continuing growth rate 0.48%	0.1%	\$	630	560
Weighted average cost of capital 10.16%	0.1%		840	700
Market illiquidity discount rate 59.80%	1%		2,100	2,100
Non-controlling interests discount rate 29.87%	1%		1,190	1,190
<b>December 31, 2020</b>				
Continuing growth rate 0.48%	0.1%	\$	700	700
Weighted average cost of capital 10.52%	0.1%		350	350
Market illiquidity discount rate 60.73%	1%		1,960	1,960
Non-controlling interests discount rate 29.87%	1%		1,120	1,120
<b>March 31, 2020</b>				
Continuing growth rate 2.10%	0.1%	\$	2,170	2,100
Market illiquidity discount rate 8.87%	0.1%		2,660	2,660
Market illiquidity discount rate 40.22%	1%		2,170	2,170
Non-controlling interests discount rate 29.87%	1%		1,890	1,890

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships and variances with another input.

### (aa) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2020 consolidated report. Please refer to Note 6(aa) of 2020 consolidated financial statements.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (ab) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2020 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2020 consolidated financial statements. Please refer to Note 6(ab) of 2020 consolidated financial statements.

### (ac) Financing activities of non-cash transaction

The Group's investing and financing activities which did not affect the current cash flow were as follows :

(i) Please refer to Note 6(j) for right of use assets.

(ii) Reconciliation of liabilities arising from financing activities were as follows :

	Non-cash changes						
	January 1, 2021	Cash flows	Foreign exchange movement	Amortized	Other	Changes in lease payments	March 31, 2021
Short-term loans	\$ 700,000	(592,084)	47	-	-	-	107,963
Long-term loans							
(including long term	(1,600)(Note1)	400,000	-	(10)	-	-	398,390
loans, current portion)							
Lease liabilities	69,158	(3,395)	(331)	-	22,695(Note2)	-	88,127
Guarantee deposits	558	-	2	-	-	-	560
Total liabilities from							
financing activities	<u>\$ 768,116</u>	<u>(195,479)</u>	<u>(282)</u>	<u>(10)</u>	<u>22,695</u>	<u>-</u>	<u>595,040</u>

	Non-cash changes						
	January 1, 2020	Cash flows	Foreign exchange movement	Amortized	Other		March 31, 2020
Short-term loans	\$ 400,000	(167,000)	-	-	-		233,000
Long-term loans							
(including long term loans,	319,555	(80,000)	-		167	-	239,722
current portion)							
Lease liabilities	78,482	(3,218)	(69)	-	(817)(Note 2)		74,378
Guarantee deposits	587	-	4	-	-		591
Total liabilities from							
financing activities	<u>\$ 798,624</u>	<u>(250,218)</u>	<u>(65)</u>	<u>167</u>	<u>(817)</u>		<u>547,691</u>

(Note 1) Previous prepaid syndicated related expense

(Note 2) Obtain (Reduce) the right-of-use assets

### (7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	For the three months ended March 31	
	2021	2020
Short-term employee benefits	\$ 8,819	5,962
Post-employment benefits	105	174
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 8,924</u>	<u>6,136</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (8) Pledged Assets

The details and carrying values of pledged assets were as follows :

<b>Pledged Assets</b>	<b>Purpose</b>	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Restricted time deposits-current	Guarantee for customs	\$ 1,530	1,525	1,549
Restricted time deposits-non-current	Performance guarantee	527	526	558
Property, plant and equipment— buildings	Guarantee for long-term loans	178,008	-	221,353
		<b>\$ 180,065</b>	<b>2,051</b>	<b>223,460</b>

### (9) Commitments and Contingencies

(a) As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$0, \$4,422 and \$14,093, respectively.

(b) As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of equipments amounted to \$2,536, \$1,995 and \$595, respectively.

### (10) Losses Due to Major Disasters: None

### (11) Significant Subsequent Events: None

### (12) Other

(a) The details of the Group's employee benefits, depreciation, and amortization were as follows :

<b>By function</b>	<b>For the three months ended March 31</b>					
	<b>2021</b>			<b>2020</b>		
	<b>Recorded as operating cost</b>	<b>Recorded as operating expenses</b>	<b>Total</b>	<b>Recorded as operating cost</b>	<b>Recorded as operating expenses</b>	<b>Total</b>
<b>By item</b>						
Employee benefits (Note)	125,218	61,954	187,172	108,614	60,321	168,935
Depreciation	12,776	3,448	16,224	16,974	3,370	20,344
Amortization	74	250	324	86	295	381

Note: The Government subsidy related to COVID-19 for the three months ended March 31, 2021, amounted to \$819 was recognized in decrease of Employee benefits.

(b) Seasonal operation :

The operation of the Group hadn't been affected by either seasonal or periodical factors.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (13) Supplementary Disclosure Requirements

#### (a) Information on significant transactions :

In accordance with the ROC “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the required disclosures for the three months ended March 31, 2021 were as follows :

(i) Loans extended to other parties : None

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of March 31, 2021 (subsidiaries, associates and joint ventures not included) :

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	March 31, 2021				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI — noncurrent	1,470,000	20,698	5.25%	20,698	-
The Company	Chenfeng Optonics Corp. stock	-	Financial assets at FVOCI — noncurrent	1,000,000	11,940	1.56%	11,940	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI — noncurrent	13,845	861	-	861	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI — current	1,147,089	24,203	0.01%	24,203	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI — current	300,000	17,040	-	17,040	-
The Company	E.SUN Financial Holding Co., Ltd.	-	Financial assets at FVOCI — current	755,785	19,726	0.01%	19,726	-
The Company	Far Eastern New Century Corp.	-	Financial assets at FVOCI — current	1,000,000	30,200	0.02%	30,200	-
The Company	Quanta Computer Inc.	-	Financial assets at FVOCI — current	470,000	46,060	0.01%	46,060	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI — current	550,000	29,975	0.03%	29,975	-
The Company	Getac Technology Corporation	-	Financial assets at FVOCI — current	589,000	34,515	0.10%	34,515	-
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI — current	210,000	16,758	-	16,758	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI — current	216,000	16,006	0.01%	16,006	-
The Company	CTBC FINANCIAL HOLDING CO., LTD	-	Financial assets at FVOCI — current	1,880,000	41,548	0.01%	41,548	-
The Company	CHICONY ELECTRONICS CO., LTD.	-	Financial assets at FVOCI — current	300,000	30,450	0.04%	30,450	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI — current	450,338	6,102	0.32%	6,102	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI — current	480,000	10,848	0.78%	10,848	-
The Company	Becton, Dickinson and Company	-	Financial assets at FVOCI — current	2,000	13,877	0.01%	13,877	-
The Company	JPMorgan Multiple Income Fund (USD)	-	Financial assets at FVTPL — current	10,053.08	60,735	-	60,735	-
The Company	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at FVTPL — current	1,810,878.90	26,783	-	26,783	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI — current	550,000	12,430	0.90%	12,430	-
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI — current	101,500	918	0.02%	918	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI — noncurrent	5,346,672	106,934	3.29%	106,934	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI — noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI — current	395,000	8,927	0.65%	8,927	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI — noncurrent	3,447,716	68,954	2.12%	68,954	(Note)
Ying Cheng Investment Corp.	Chenfeng Optonics Corp. stock	-	Financial assets at FVOCI — noncurrent	6,000,000	71,640	9.38%	71,640	-

Note: It was eliminated in the consolidation

(iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Group's issued share capital: None.



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

- (v) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vi) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vii) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows :

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	185,116	20.05%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers	Considering the trading practices in North American market, the company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	220,275	29.20%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	185,116	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	(220,275)	100.00%	(Note)

Note: It was eliminated in the consolidation.

- (viii) Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows :

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 220,275	3.50	-	-	37,007	-	(Note)

Note: It was eliminated in the consolidation.

- (ix) Derivative financial instrument transactions :  
Please refer to note 6(b).

- (x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction				% of total consolidated revenue or total asset
				Subject	Amount	Term of trading		
0	The Company	Emerging Display Technologies Corp., U.S.A.		1 Sales revenue Accounts payable	185,116 220,275	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.		19.59% 6.30%
0	The Company	Emerging Display Technologies Corp., U.S.A.		1 Selling expenses-Commission Other payable	21 43	No non-related-party transaction to compare to.		- -
0	The Company	EDT-Europe ApS		1 Selling expenses-Commission Other payable	16,311 4,047	No non-related-party transaction to compare to.		1.73% 0.12%
0	The Company	Emerging Display Technologies Korea		1 Selling expenses-Commission	1,009	No non-related-party transaction to compare to.		0.11%
0	The Company	EDT-Japan Corp.		1 Selling expenses-Commission	3,443	No non-related-party transaction to compare to.		0.36%
0	The Company	Dong Guan Emerging Display Limited		1 Processing cost Accounts payable	20,083 62,478	No non-related-party transaction to compare to.		2.13% 1.79%

Note : Relationship notes as follows :

- 1) Parent Group to subsidiary.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (b) Information on investees (excluding information on investees in Mainland China) :

Relevant information about investees for the three months ended March 31, 2021 was as follows :

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				March 31, 2021	December 31, 2020	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	84,728 (Note1)	340	347	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	71,768	(6,930)	(5,439)	Subsidiary (Note2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	2,277	353	353	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,497	88	88	Subsidiary (Note2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,055	514	514	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	26,903	(421)	(421)	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	40,033	(803)	(803)	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	42,830	(12)	(6)	Subsidiary (Note2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	5,395	(6,930)	(409)	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	10,423	(6,930)	(791)	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$8,458.

Note2: It was eliminated in the consolidation.

### (c) Information on investees in Mainland China :

#### (i) Information on investments in Mainland China :

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March. 31, 2021	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March. 31, 2021	Accumulated investment income repatriated to Taiwan as of March. 31, 2021
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(6,953)	95.80% (Note2)	loss of \$6,661 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	78,914 (Note4)	-

#### (ii) Limitation on investments in Mainland China :

Accumulated investment amount remitted from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
197,881(Note8) (USD6,934,668) (Note5)	398,113(Note8) (USD13,951,732) (Note6)	1,249,926(Note7)

Note1 : The amount includes \$13,234 which was invested by Ying Dar Investment Development Corp. and \$25,488 which was invested by Bae Haw Investment Development Corp.

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### Notes to consolidated financial statements

Note 2 : The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3 : The amount includes a loss of \$410 which was recognized by Ying Dar Investment Development Corp. and a loss of \$793 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$4,860 which was invested by Ying Dar Investment Development Corp. and \$9,399 which was invested by Bae Haw Investment Development Corp.

Note 5 : The amount includes the remaining capital amounting to US\$188 thousands dollars of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 6 : The approved amount includes US\$637,732 obtained from Ying Dar Investment Development Corp. and US\$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 7 : The amount includes \$80,302 for Ying Dar Investment Development Corp. and \$65,392 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at March 31, 2021.

(iii) Significant transactions :

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, was disclosed in "information on significant transactions" for the three months ended March 31, 2021.

(d) Major shareholder :

Shareholder's Name	Shareholding	Shares	Percentage
Tseng, Jui-Ming		11,043,723	6.8%

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

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## Notes to consolidated financial statements

### (14) Segment Information

Reportable segment information was as follows :

For the three months ended March 31						
2021						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 738,233	205,995	-	534	-	944,762
Sales among consolidated entities	184,939	21	20,083	20,763	(225,806)	-
<b>Total revenue</b>	<b>\$ 923,172</b>	<b>206,016</b>	<b>20,083</b>	<b>21,297</b>	<b>(225,806)</b>	<b>944,762</b>
<b>Segment Income</b>	<b>\$ 59,391</b>	<b>431</b>	<b>(7,018)</b>	<b>1,067</b>	<b>6,857</b>	<b>60,728</b>
For the three months ended March 31						
2020						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 611,185	203,390	-	389	-	814,964
Sales among consolidated entities	208,004	46	33,782	19,263	(261,095)	-
<b>Total revenue</b>	<b>\$ 819,189</b>	<b>203,436</b>	<b>33,782</b>	<b>19,652</b>	<b>(261,095)</b>	<b>814,964</b>
<b>Segment Income</b>	<b>\$ 54,878</b>	<b>(5,329)</b>	<b>(319)</b>	<b>168</b>	<b>1,424</b>	<b>50,822</b>
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
<b>Segment Assets</b>						
March 31,2021	<b>\$ 3,274,815</b>	<b>341,208</b>	<b>147,009</b>	<b>29,001</b>	<b>(296,109)</b>	<b>3,495,924</b>
December 31,2020	<b>\$ 3,441,342</b>	<b>310,291</b>	<b>144,865</b>	<b>31,559</b>	<b>(318,868)</b>	<b>3,609,189</b>
March 31,2020	<b>\$ 3,148,932</b>	<b>358,962</b>	<b>144,903</b>	<b>19,771</b>	<b>(358,008)</b>	<b>3,314,560</b>
<b>Segment Liabilities</b>						
March 31,2021	<b>\$ 1,568,769</b>	<b>248,132</b>	<b>64,634</b>	<b>19,173</b>	<b>(287,762)</b>	<b>1,612,946</b>
December 31,2020	<b>\$ 1,639,092</b>	<b>217,736</b>	<b>53,503</b>	<b>21,956</b>	<b>(303,663)</b>	<b>1,628,624</b>
March 31,2020	<b>\$ 1,347,312</b>	<b>273,448</b>	<b>46,243</b>	<b>12,194</b>	<b>(346,101)</b>	<b>1,333,096</b>

The following is the explanation of material reconciliation item :

- For the three months ended March 31, 2021 and 2020, the operating segments revenue eliminated from the consolidated entities were \$225,806 and \$261,095, respectively.
- For the three months ended March 31, 2021 and 2020, the operating segments profit and loss eliminated from the consolidated entities were \$6,857 and \$1,424, respectively.
- As of March 31, 2021, December 31, 2020 and March 31, 2020, the operating segments assets eliminated from the consolidated entities were \$296,109, \$318,868 and \$358,008, respectively.
- As of March 31, 2021, December 31, 2020 and March 31, 2020 the operating segments liabilities eliminated from the consolidated entities were \$287,762, \$303,663 and \$346,101, respectively.